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FOREIGN DIRECT INVESTMENT POLICY WITH REGARD TO RETAILING IN INDIA

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ABSTRACT

Foreign Direct Investment (FDI) is the most influential channel through which foreign capital comes into a country. In India FDI is being allowed in different sectors of the economy in different percentage/ratio through either the government approval or the automatic route. Before the economic reforms in 1991, the inflow of FDI in India was comparatively limited. But, with the introduction of the Industrial Policy of 1991 there is a paradigm shift in Indian economic planning, whereas it has opened the markets to foreign capital. India's retail sector has undergone a rapid transformation over the past decade. With the marked growth in India's per capita income and a rising middle class accompanied by a massive scale of urbanization, it is the retail sector that is pitted to be the real growth engine for the Indian economy. The Government of India has allowed 51% FDI in multi brand retail and 100% in single-brand retail. However, government in States and Union Territories are free to make their own policies. Obviously this has led to significant interest among policy analysts to develop the necessary regulatory frameworks to channelize the move. The theme of this article is to understand the concept of retail in India and to know the reasons behind allowing Foreign Direct Investment in retail sector. The article also explores the evolution of FDI in retail sector and provides brief information about the FDI in Single brand and Multi-Brand retail sector in India.

KEY WORDS: Foreign Direct Investment, Retail Sector, Organised and Unorganised Retailing, FDI Policy, Single Brand, and Multi Brand

1. Introduction

Foreign investment involves the transfer of tangible and intangible assets from one country to another with a view to generate wealth under the total or partial control of owner of the assets. However, the quantum and direction of foreign investments depend upon the State policies. The Indian 'Economic Liberalisation Policy of 1991' was introduced to make our economy further market-oriented and accordingly, this policy, among others, brought out reduction in import tariffs, introduced deregulation of markets besides lessening taxes. In particular, that policy paved way for the use and role of private as well foreign investments. At the international scenario too, the Foreign Direct Investment (FDI) continues as an important means for almost all nations to attain development and thus it is an integral part of the globalization of the world economy. Be that as it may, all nations eagerly try to attract FDI as it provides for a win-win situation to the investors and the host countries. Especially, the scarcities of all types of resources in the developing nations viz. financial, capital, technology, and skills which are required for their economic development, made them accept FDI as the only way to circumvent scarcities and attain development. Today, much of the development related activities, or market, and State functions in developing States depend upon the FDI.

However, it's true that these investments require to be regulated. In India only one law does not govern foreign investment, but rather there are different laws which regulate different aspects of FDI, including investments, industries, securities and corporations. The main laws that regulate are Foreign Exchange Management Act (FEMA) 1999, Industries (Development and Regulation) Act 1951, The Companies Act 2013 and Takeover Code of Stock Exchange Board of India etc. Extensive economic reforms were undertaken in India in the early 1990s and this led to the deregulation and liberalization of the country's economy. FEMA including other laws were thus formulated in order to be compatible with the policies of pro-liberalization of the Indian government. All the investment assignments of FDI that are part of the automatic route wherein the government approval is not required and the matters concerning with FEMA are dealt with by Reserve Bank of India, while the government handles all those investment projects that fall under the approval route and issues that are related to FDI policy through its three institutions, viz., the Foreign Investment Promotion Board (FIPB), the Secretariat for Industrial Assistance (SIA) and the Foreign Investment Implementation Authority (FIIA).

Transformation is one word which can best describe the state of the retail industry at a global and the Indian level. Retailing by its very nature, is a dynamic industry. The past decade has been one of turmoil and transition in the world of retail. Retail sector is an important pillar of India's economy and also has huge market, as it serves the growing consumers in the country. In India 100 percent FDI is allowed in 'Single Brand' and 51% FDI is allowed in 'Multi-Brand' retail.

2. Concept of Retail in India

Retail is the sale of goods and services from individuals or business to the end-user. Retailers are part of an integrated system called the supply chain, wherein, a retailer purchases goods or products in large quantities from manufacturers or directly through a wholesaler, and then sells smaller quantities to the consumer for a profit. Retailing can be done in either fixed locations like stores or market, door-to-door delivery or online. The term 'Retailer' is also applicable, where a service provider services the needs of a large number of individuals, such as the public. Retailing is an important social institution. It is the final stage of any economic activity which can be described as a set of business activities which adds value to the products and services sold to the consumers for their family or personal use. Retailing by its very nature is a very dynamic industry. The attitudinal shift of the Indian consumer in terms of "Choice Preference", "Value for Money" and the emergence of organised retail formats have transformed the face of retailing in India. In an attempt to understand the scope of the term retail, various definitions of the term have been examined. Retailing has been approached and studied from number of angles and has been defined in various ways.

According to Philip Kotler, "Retailing includes all the activities involved in selling goods or services directly to the final consumers for personal, non-business use. A retailer or retail store is any business enterprise whose sale volume comes primarily from retailing. Any organisation that sells to final consumers whether it is a manufacturer, wholesaler or retailer is engaged in retailing. It does not matter how the goods or services are sold (by person, mail, telephone, vending machine or internet) or where they are sold (in a store, on the street or in the consumer's home)."

The North American Industry Classification System (NAICS) specifies that, "the retail trade sector comprises establishments primarily engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise." The High Court of Delhi in 2004 defined the term "retail" as a sale for final consumption in contrast to a sale for further sale or processing (i.e. wholesale).

The actual term 'retailing' is thought to be derived from the old French word 're-tailer', which means 'a piece' or 'to cut up'. It means that procuring the products from the supplier or manufacturer in large quantities and then breaking them into the pieces and selling goods and services to individual consumers in smaller and more manageable quantities, not for resale, but for the use of their personal consumption. Retailers occupy an important position in the distribution channel. Even though the retailers are at the fag end of the chain they are still considered as 'middlemen' or 'intermediaries'. They are characterised as intermediaries who are receiving the goods from wholesalers and passing it to the customer. This is accomplished by storing the goods at convenient location and making it available to the customer at the right time. The success of the channel of distribution depends on availability of the right product, in the right quantity, at the right time, at the right price and procurement of the product from the right source. Customer is a focal point for all marketing channel decisions. The objective of retailer is to make the sales operation as effective as possible, by making the appropriate display of stock.

It is necessary to understand that in the complex world of trade, retail would include not only goods but also services, which may be provided to the end consumer. In an age where the customer is the king and markets are focusing on customer delight, retail may be redefined as the first point of customer contact. A retailer is a person, agent, agency, company, or organisation which is instrumental in reaching the goods, merchandise, or services to the ultimate consumer.

Retailers perform specific activities such as anticipating customer's wants, developing assortments of products, acquiring market information, and financing. A common assumption is that retailing involves only the sale of products in stores. However, it also includes the sale of services like those offered at a restaurant, parlour, or by car rental agencies. The selling need not necessarily take place through a store. Retailing encompasses selling through the mail, the internet, door-to-door visits any channel that could be used to approach the consumer.

Thus, the retail is an interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers. Retailing is the last link that connects the individual consumer with the manufacturing and distribution chain. A retailer is involved in the act of selling goods to the individual consumer at a margin of profit. A common thought which emerges from the definitions of retail mentioned in this section is that it is the retailer who is the final contact point with the consumer in the market. A market may be termed as a physical place where buyers and sellers gather to buy and sell goods. In today's dynamic world, retailers exist in marketplaces in the physical environment like a store, and also in the digital market space for those who shop on the internet.

The retail industry in India is mainly divided into Organised and Unorganised Retailing. Organised retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganised retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc.

3. Rationale Behind Allowing Foreign Direct Investment in Retail Sector

FDI can act as a powerful catalyst to spur competition in the retail industry, due to the current scenario of low competition and poor productivity. The FDI policy in retail sector was adopted to allow Indian consumers access to foreign brands. Since Indians spend a lot of money shopping abroad, this policy enables them to spend the same money on the same goods in India. The policy of allowing FDI in retail can benefit both the foreign retailer and the Indian partner. Foreign players get local market knowledge, while Indian companies can access global best management practices, designs and technological knowhow. Therefore, the rationale for FDI in retailing is based on the premises that FDI may lead to infrastructure development, bring about improvements in farmer income and agriculture growth and help in lowering consumer prices inflation due to the dwindling role of intermediaries.Apart from this, by allowing FDI in retail trade, India will significantly flourish in terms of quality standards and consumer expectations, since the inflow of FDI in retail sector is bound to pull up the quality standards and cost-competitiveness of Indian producers in all the segments.

4. Evolution of Foreign Direct Investment Policy in Retail Sector

The Government, since the beginning, has been taking steps to boost FDI in the country to create a suitable climate so that foreign investors feel confident in investing, along with fostering an economy that can create more jobs. A press note issued by Department of Industrial Policy and Promotion (DIPP) in the year 2006 was prudent for the retail sector as it brought out various sector-specific guidelines for FDI. Prior to January 24, 2006, FDI was not authorized in retailing. However, most general players had been operating in the country with other entry routes, such as franchise agreements, strategic licensing agreements, manufacturing and wholly-owned subsidiaries and cash and carry agreements. FDI in cash and carry wholesale trading was first permitted, to the extent of 100 per cent, under the Government approval route, in 1997. It was brought under the automatic route in 2006. FDI upto 51 per cent was permitted with prior Government approval FIPB for retail trade of 'single brand' products. FDI was not permitted in multi-brand retailing in India.

Though no significant decisions were taken with respect to multi-brand retail or single brand retail in 2010, the DIPP, Ministry of Commerce circulated a discussion paper in July 2010 seeking the opinions of all stakeholders on allowing FDI in multi-brand retail. After the DIPP circulated a discussion paper, a six-member inter-ministerial panel took up the matter further. Organised retailers, industry chambers like Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce and Industry (FICCI) welcomed the move and the Consumer Affairs Ministry and Planning Commission gave the green signal for 49 per cent FDI in multi-brand retail. But, the Micro, Small, and Medium Enterprises (MSME) Ministry and the Ministry of Finance cautioned the Government against further opening of the sector to FDI and no decision was taken then.

Until 2011, the Central Government denied FDI in multi-brand retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Even single-brand retail was limited to 51% ownership and a bureaucratic process. In November 2011, the central government announced retail reforms for both multi-brand and single-brand stores. These market reforms paved the way for retail innovation and competition with multi-brand retailers such as Walmart, Carrefour and Tesco, as well single brand majors such as IKEA, Nike, and Apple. The announcement sparked intense activism, both in opposition and in support of the reforms. In December 2011, under pressure from the opposition, Indian government placed the retail reforms on hold till it reaches a consensus.

In the first step towards opening up of the retail trade in the country to foreign investors, the Government allowed 100 per cent FDI in single-brand retail, under the government approval route, in January 2012. It followed another decision that allowed foreign retailers to own upto 51 per cent in multi-brand retail, in September during the same year. Both the announcements, however, came with its own riders. Some Parties opposed the FDI in Retail Sector particularly in the Multi Brand Retail. Agitations and Bandhs were called but the Government of India was firm on implementing the FDI policy in retail sector as in their opinion FDI is beneficial for the economic growth of country and the rights of the local retailers are protected in the FDI Policy. In December 2012, Indian Parliament approved of the central government's decision to allow FDI in multi-brand retailing. This paved the way for foreign retailers to open retail stores with 51 per cent ownership in major cities to sell a large variety of products under one roof. However, the State governments will have the rights to prevent foreign retailers from opening up stores in their respective States.

During November 2015, Modi, the Prime Minister of India announced Diwali bonanza to investors opening as many as 15 sectors. The crux of the reforms was to further ease, rationalize and simplify the process of foreign investments in the country and to put more and more FDI proposals on the automatic route instead of Government route where time and energy of the investors are wasted. One of the most important sectors to be impacted by the policy change was single-brand retail. The reforms allowed global technology brands such as Apple or Sony to open fully-owned stores in India. The rule that mandated single-brand retailers to locally procure 30 per cent of their goods sold in India over a span of five years remained; however, the new policy allowed the retailer to meet the norm from the time it opens the first store. Until now, the five-year deadline started from the date of receipt of FDI. Additionally, the Government also allowed single-brand retailers with FDI to conduct online trading in any form. Several large foreign companies such as sportswear retailer Adidas AG and Swiss watch retailer Swatch SA have received permission to set up fully-owned stores in India.

In 2015 Government announced various reforms and policies pertaining to FDI in retail and e-commerce. 100 per cent FDI in Marketplace Format of E-Commerce putting an end to the long-standing debate on the functioning of e-commerce in India, Government permitted 100 per cent FDI in the market place format of e-commerce retailing and also come up with the definition of a market-place and inventory-led models of e-commerce. The policies further prevent these players from affecting prices on their website and the firms are also not permitted to sell more than 25 per cent of the sales affected through its marketplace from one vendor or their group companies.

5. Foreign Direct Investment in Single Brand Retail

Brand means, 'trade mark' design, distinctive name identifying a product or manufacturer, an identifying symbol, words or mark that distinguishes a product or company from its competitors. Brands help the customers to identify specific products from among identical commodities. Brands have significant impact on developing customer perception and expectation. While the phrase 'single brand' has not been defined, it implies that foreign companies would be allowed to sell goods internationally under a 'single brand', viz., Reebok, Nokia, Adidas. Retailing of goods of multiple brands, even if such products were produced by the same manufacturer, would not be allowed. FDI in 'single brand' retail implies that a retail store with foreign investment can only sell one brand. For example, if Adidas were to obtain permission to retail its flagship brand in India, those retail outlets could only sell products under the Adidas brand and not the Reebok brand, for which separate permission is required. If granted permission, Adidas could sell products under the Reebok brand in separate outlets. The Government has not categorically defined the meaning of “Single Brand” anywhere neither in any of its circulars nor any notifications. Foreign investment in single brand product retail trading is aimed at attracting investments in production and marketing, improving the availability of such goods for the consumer, encouraging increased sourcing of goods from India, and enhancing competitiveness of Indian enterprise through access to global designs, technologies and management practices. In single-brand retail, FDI upto 100 per cent is allowed, subject to the following conditions;

a) Only 'Single Brand' products would be sold.

b) Products should be sold under the same brand internationally.
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c) Single Brand' product-retail would only cover products which are branded during manufacturing.

d) A non-resident entity or entities, whether owner of the brand or otherwise, shall be permitted to undertake 'Single Brand' product retail trading in the country for the specific brand, directly or through a legally tenable agreement with the brand owner for undertaking single brand product retail trading. The onus for ensuring compliance with this condition will rest with the Indian entity carrying out single brand product retail trading in India. The investing entity shall provide evidence to this effect at the time of seeking approval, including a copy of the licencing/franchise/sub-license agree-

ment, specifically indicating compliance with the above condition. The requisite evidence should be filed with the RBI for the automatic route and SIA/FIPB for cases involving approval.

e) In respect of proposals involving FDI beyond 51% sourcing of 30% of the value of goods purchased will be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen, in all sectors. The quantum of domestic sourcing will be self-certified by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts which the company will be required to maintain. This procurement requirement would have to be met, in the first instance, as an average of five years' total value of the goods purchased, beginning 1st April of the year of the commencement of the business i.e. opening of the first store. Thereafter, it would have to be met on an annual basis. For the purpose of ascertaining the sourcing requirement, the relevant entity would be the company, incorporated in India, which is the recipient of foreign investment for the purpose of carrying out single-brand product retail trading

f) Subject to the conditions mentioned above, a single brand retail trading entity operating through brick and mortar stores, is permitted to undertake retail trading through e-commerce.

Application seeking permission of the Government for FDI exceeding 49% in a company which proposes to undertake single brand retail trading in India would be made to the Secretariat for Industrial Assistance (SIA) in the Department of Industrial Policy and Promotion. The applications would specifically indicate the product/product categories which are proposed to be sold under 'Single Brand'. Any addition to the product/product categories to be sold under 'Single Brand' would require a fresh approval of the government. In case of FDI upto 49%, the list of products/product categories proposed to be sold except food products would be provided to the RBI. Applications would be processed in the Department of Industrial Policy and Promotion, to determine whether the proposed investment satisfies the notified guidelines, before being considered by the FIPB for Government approval.

6. Foreign Direct Investment in Multi Brand Retail

Considering the changing dynamics of world retail market and India's consumer's capability, multi-brand retail is considered to be one of the important areas, where FDI can be attracted. Upto 2011, the Government did not allow FDI in multi-brand retail. Several rounds of debate took place among the policy-makers. After taking new measures of reforms, the Government of India has allowed 51% FDI in multi-brand retail sector. However, the decision to implement it lies with the respective States. The new market has been opened for the foreign investors. Some of the multi-brand retail companies became keenly interested to invest in India. These include Walmart, Carrefour, etc.

Multi Brand retailing refers to the marketing of the different unrelated competitive products under the same firm though being under the same firm, the various brands tend to bite into each other's sales, for example, Pantaloon and Central of Future Group. FDI in Multi Brand retail implies that a retail store with a foreign investment can sell multiple brands under one roof. Opening up FDI in multi-brand retail will mean that global retailers including Wal-Mart, Carrefour and Tesco can open stores offering a range of household items and grocery directly to consumers in the same way as the ubiquitous 'kirana' store. The government has also not defined the term Multi Brand. FDI upto 51% is allowed in multi-brand retail subject to the following conditions;

(i) Fresh agricultural produce, including fruits, vegetables, flowers, grains, pulses, fresh poultry, fishery and meat products, may be unbranded.

(ii) Minimum amount to be brought in, as FDI, by foreign investor, would be US$ 100 million.

(iii) At least 50% of total FDI brought in the first tranche of US $ 100 million, shall be invested in 'back-end infrastructure' within three years, where 'back-end infrastructure' will include capital expenditure on all activities, excluding that on frontend units; for instance, back-end infrastructure will include investment made towards processing, manufacturing, distribution, design improvement, quality control, packaging, logistics, storage, warehouse, agriculture market produce infrastructure etc. Expenditure on land cost and rentals, if any, will not be counted for purposes of backend infrastructure. Subsequent investment in backend infrastructure would be made by the MBRT retailer as needed, depending upon its business requirements

(iv) At least 30% of the value of procurement of manufactured/processed products purchased shall be sourced from Indian micro, small and medium industries, which have a total investment in plant and machinery not exceeding US $ 2.00 million. This valuation refers to the value at the time of installation, without providing for depreciation. The 'small industry' status would be reckoned only at the time of first engagement with the retailer, and such industry shall continue to qualify as a 'small industry' for this purpose, even if it outgrows the said investment of US $ 2.00 million during the course of its relationship with the said retailer. Sourcing from agricultural co-operatives and farmers co-operatives would also be considered in this category. The procurement requirement would have to be met, in the first instance, as an average of five years' total value of the manufactured/processed products purchased, beginning 1st April of the year during which the first tranche of FDI is received. Thereafter, it would have to be met on an annual basis.

(v) Self-certification by the company, to ensure compliance of the conditions at serial nos. (ii), (iii) and (iv) above, which could be cross-checked, as and when required. Accordingly, the investors shall maintain accounts, duly certified by statutory auditors.

(vi) Retail sales outlets may be set up only in cities with a population of more than 10 lakh as per 2011 Census or any other cities as per the decision of the respective State Governments, and may also cover an area of 10 kms around the municipal/urban agglomeration limits of such cities; retail locations will be restricted to conforming areas as per the Master/Zonal Plans of the concerned cities and provision will be made for requisite facilities such as transport connectivity and parking.

(vii) Government will have the first right to procurement of agricultural products.

(viii) The above policy is an enabling policy only and the State Governments/Union Territories would be free to take their own decisions in regard to implementation of the policy. Therefore, retail sales outlets may be set up in those States/Union Territories which have agreed, or agree in future, to allow FDI in MBRT under this policy. Such agreement, in future, to permit establishment of retail outlets under this policy, would be conveyed to the Government of India through the Department of Industrial Policy and Promotion and additions would be made to the concerned States and Union Territories. The establishment of the retail sales outlets will be in compliance of applicable State/Union Territory laws/ regulations, such as the Shops and Establishments Act etc.

(ix) Retail trading, in any form, by means of e-commerce, would not be permissible, for companies with FDI, engaged in the activity of multi-brand retail trading.

(x) Applications would be processed in the Department of Industrial Policy and Promotion, to determine whether the proposed investment satisfies the notified guidelines, before being considered by the FIPB for Government approval.

7. Conclusion

It follows from the above discussion that FDI in retail sector in India has paved the way for a better growth and development oriented markets for Indian consumers. Through FDI the companies are able to bring new skills and expertise besides adding it to their core values to increase the efficiency in various forms, which are important for a developing country like India. This apart, with FDI in single and multi-brand retail consumers too enjoy wide range of benefits and choices. However, like any other thing if FDI is not effectively regulated it can have adverse impact on Indian economy.

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20. Franchise Agreements is an easiest track to come in the Indian market. In franchising and commission agents' services, FDI (unless otherwise prohibited) is allowed with the approval of the Reserve Bank of India (RBI) under the Foreign Exchange Management Act (FEMA). This is a most usual mode for entrance of quick food bondage opposite a world. Apart from quick food bondage identical to Pizza Hut, players such as Lacoste, Mango, Nike as good as Marks as good as Spencer, have entered Indian marketplace by this route.

21. Under Strategic Licensing Agreements, some foreign brands give exclusive licences and distribution rights to Indian companies. Through these rights, Indian companies can either sell it through their own stores, or enter into shop-in-shop arrangements or distribute the brands to franchisees. Mango, the Spanish apparel brand has entered India through this route with an agreement with Piramyd, Mumbai, SPAR entered into a similar agreement with Radhakrishna Foodlands Pvt. Ltd.

22. The foreign brands such as Nike, Reebok, Adidas, etc. that have wholly-owned subsidiaries in manufacturing are treated as Indian companies and are, therefore, allowed to do retail. These companies have been authorised to sell products to Indian consumers by franchising, internal distributors, existent Indian retailers, own outlets, etc. For instance, Nike entered through an exclusive licensing agreement with Sierra Enterprises but now has a wholly owned subsidiary, Nike India Private Limited

23. Under Cash And Carry Wholesale Trading, 100% FDI is allowed in wholesale trading which involves building of a large distribution infrastructure to assist local manufacturers. The wholesaler deals only with smaller retailers and not consumers. Metro AG of Germany was the first significant global player to enter India through this route.

24. FDI in activities not covered under the automatic route, requires prior Government approval. Such proposals are considered by the Foreign Exchange Promotion Board (FIPB)

25. Companies proposing foreign investment under the automatic route do not require any government approval, provided the proposed foreign equity is within the specified ceiling and the requisite documents are filed with the RBI within 30 days of receipt of funds.

26. Single-Brand Retail: Firstly, FDI up to 49 per cent was allowed under the automatic route, but beyond that, government approval was required. Secondly, the liberalisation was subject to certain conditions, such as products should be of a 'single brand' only and to be sold under the same brand internationally. In respect of proposals involving FDI beyond 51 per cent, the mandatory sourcing of at least 30 per cent would have to be done from the domestic small and cottage industries which have a maximum investment in plant and machinery of $1 million (about Rs 5 crore).

    Multi-Brand Retail: Under multi-brand retail, conditions for investment required companies to invest at least 50 percent of the first US$100 million into 'back-end infrastructure' such as manufacturing, processing, packaging, distribution, logistics, design improvements, quality control, warehouses, storage, and agriculture market produce infrastructure and to source 30 per cent mandatory local sourcing from small industries only.

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29. Para 5.2. 15.3 of the Circular on Consolidated Policy of FDI 2016

30. Retail of goods of multi-brand even if produced by the same manufacturer would not be allowed

31. Products should be sold under the same brand in one or more countries other than India

(I) Conditions mentioned at (b) and (d) will not be applicable for undertaking SBRT of Indian brands.

(ii) An Indian manufacturer is permitted to sell its own branded products in any manner i.e. wholesale, retail, including through e-commerce platforms.

(iii) Indian manufacturer would be the investee company, which is the owner of the Indian brand and which manufactures in India, in terms of value, at least 70% of its products in house, and sources, at most 30% from Indian manufacturers.

(iv) Indian brands should be owned and controlled by resident Indian citizens and/or companies which are owned and controlled by resident Indian citizens.

(v) Government may relax sourcing norms for entities undertaking single brand retail trading of products having 'state-of-art' and 'cutting-edge' technology and where local sourcing is not possible.

33. The list of States/Union Territories which have conveyed their agreement are 1. Andhra Pradesh 2. Assam 3. Delhi 4. Haryana 5. Himachal Pradesh 6. Jammu & Kashmir 7. Karnataka 8. Maharashtra 9. Manipur 10. Rajasthan 11. Uttarakhand 12. Daman and Diu and Dadra and Nagar Haveli (Union Territories)